United Nations Convention on the Law of the Sea SPLOS/295

Meeting of States Parties

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Report on budgetary matters for the financial periods 2013-2014 and 2015-2016

Presented by the Registrar of the International Tribunal for the Law of the Sea

I. Surrender of cash surplus for the financial period 2013-2014

A. Excess of income over expenditure

1. In June 2015, at its twenty-fifth session, the Meeting of States Parties took note of a final excess of income over expenditure as at 31 December 2014 of €2,055,392 (SPLOS/287, para. 29), as shown in the report of the external auditor for the financial period 2013-2014 (SPLOS/279).

2. As explained in the report on budgetary matters for the financial period 2013-2014, the total expenditure for that period stood at €19,241,443, representing 90.59 per cent of the total appropriation (€21,239,120) (SPLOS/280, para. 2). This performance may be explained by the optimal use of resources in a period of increased judicial workload. In this respect, it may be noted that the appropriations approved for the financial period 2013-2014 were used to cover expenses relating to judicial work of the International Tribunal for the Law of the Sea in the following cases:

(a) Case No. 18 (*The M/V "Louisa" Case* (*Saint Vincent and the Grenadines v. the Kingdom of Spain*))

The case was submitted on 24 November 2010. The deliberations and the meeting of the drafting committee were held in 2013 and the judgment was rendered on 28 May 2013;

(b) Case No. 19 (*The M/V "Virginia G" Case* (*Panama/Guinea-Bissau*))

The case was filed on 4 July 2011. The initial deliberations, the hearing, the deliberations and the meeting of the drafting committee were held from August 2013 to April 2014. The judgment was delivered on 14 April 2014;

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(c) Case No. 21 (*Request for an Advisory Opinion submitted by the Sub-Regional Fisheries Commission*)

On 28 March 2013, the Tribunal received a request for an advisory opinion from the Sub-Regional Fisheries Commission. The initial deliberations, the hearing and the meeting of the drafting committee took place from September to November 2014.

B. Provisional cash surplus

3. Pursuant to regulation 4.4 of the Financial Regulations and Rules of the Tribunal, the provisional cash surplus is determined by establishing the balance between credits (assessed contributions actually received, miscellaneous income received and additional appropriations) and charges (disbursements against appropriations and provisions for unliquidated obligations). For the financial period 2013-2014, the excess of income over expenditure amounts to €2,055,392 and is calculated as follows (in euros):

Credit	21 296 835
Charges	-19 241 443
Excess of income over expenditure	**2 055 392**

4. Pursuant to regulation 4.3 of the Financial Regulations and Rules of the Tribunal, the amount of unpaid contributions should be deducted from this balance. On that basis, the provisional cash surplus for the financial period 2013-2014 was determined to be €1,131,214. This amount was based on the report of the external auditor for the financial period 2013-2014, with financial statements of the Tribunal as at 31 December 2014 (SPLOS/279) and is calculated as follows (in euros):

Credit	21 296 835
Charges	-19 241 443
Cancellation of the 2011-2012 obligations surrendered with the 2011-2012 cash	-49 644
Unpaid contributions	-874 534
Provisional cash surplus	**1 131 214**

C. Cash surplus

5. Under regulation 4.4 of the Financial Regulations and Rules of the Tribunal, the cash surplus is determined by crediting to the provisional cash surplus any arrears of prior periods' contributions received during the financial period and any savings from the provisions made for unliquidated obligations for the financial period.

6. The cash surplus for the financial period 2013-2014 stood at €1,837,669 as at 31 December 2015 and is calculated as follows:

Provisional cash surplus (€1,131,214) + arrears of prior periods' contributions received in 2015 (€664,478) + savings from the provisions made from unliquidated obligations (€41,977) = cash surplus (€1,837,669) to be surrendered to the States parties.

7. The cash surplus, as reflected in paragraph 6, was reviewed by the auditor from 2 to 4 February 2016. The auditor certified that the cash surplus for the financial period 2013-2014 as at 31 December 2015 amounted to €1,837,669 (see annex I).

D. Surrender of cash surplus

8. Under regulation 4.5 of the Financial Regulations and Rules of the Tribunal, the cash surplus will be surrendered as follows:

(a) Apportionment of cash surplus

The cash surplus, as determined above, will be apportioned among the States parties in proportion to their contributions as determined for the financial period 2013-2014, to which the surplus relates.

(b) Surrender of cash surplus

The cash surplus for the financial period 2013-2014 thus apportioned to the States parties will:

(i) Be surrendered to the States parties, provided that their contribution for the financial period 2013-2014 has been paid in full;

(ii) Be applied to liquidate first, in whole or in part, any arrears in contributions.

(c) Retention of cash surplus apportioned but not surrendered

Any cash surplus apportioned to the States parties but not surrendered owing to the non-payment or partial payment of their contributions for the financial period in question will be retained by the Registrar until such time as the contribution for that financial period is paid in full.

9. In compliance with regulation 4.5 of the Financial Regulations and Rules of the Tribunal, the cash surplus of €1,837,669 for the financial period 2013-2014 will be surrendered and deducted from the contributions of States parties for 2017 and for earlier periods, where applicable.

II. Provisional performance report for 2015

10. In June 2014, at its twenty-fourth session, the Meeting of States Parties approved a budgetary amount of €18,886,200 for the financial period 2015-2016 (SPLOS/275, para. 1). The Meeting also requested the Registrar to explore ways of making additional savings in the budget of the Tribunal, keeping in mind the need for the Tribunal to function effectively, and to report on that matter to the Meeting at its twenty-fifth session (ibid. para. 4). In accordance with that request, additional

savings in the amount of €68,600 were made. On that basis, the budget of the Tribunal for 2015-2016 was finally determined to be €18,817,600. This amount included a provision of €2,501,300 under "Case-related costs" to cover the costs relating to the consideration of Case No. 21 and to enable the Tribunal to deal with two urgent proceedings in 2015-2016.

11. Attached as annex II is the performance report for the year 2015, which is provisional since it concerns the first year of the 2015-2016 biennium budget.

12. As shown in annex II, the total expenditure for 2015 stands provisionally at €9,681,068, representing 97.34 per cent of the appropriations in the amount of €9,945,250 allocated that year.

Case-related costs

13. A provision in the amount of €2,501,300 was approved under "Case-related costs" for the 2015-2016 budget. Of that amount, €1,757,800 was allocated for 2015 to deal with part of Case No. 21 and one urgent proceeding. In 2015, the Tribunal completed the consideration of Case No. 21 and dealt with one urgent proceeding in Case No. 24 (*The "Enrica Lexie" Incident (Italy v. India), Provisional Measures*). In addition, the Special Chamber established to deal with Case No. 23 (*Dispute Concerning Delimitation of the Maritime Boundary between Ghana and Côte d'Ivoire in the Atlantic Ocean (Ghana/Côte d'Ivoire)*) delivered an order in response to a request for provisional measures in April 2015. As a result, 98.15 per cent (€1,725,216) of the provision for 2015 was used by the end of 2015. It may be noted that the Tribunal was able to deal with two urgent proceedings under budgetary appropriations allocated for 2015, owing to the fact that the request for provisional measures in Case No. 23 was dealt with by the Special Chamber, consisting of three members of the Tribunal and two judges ad hoc, and that the request was handled in conjunction with the March session of the Tribunal and the deliberations relating to Case No. 21.

14. The budget line "Temporary assistance for meetings" under "Case-related costs" was overspent in 2015. Overexpenditure under that budget line is largely due to the increase in translation costs relating to the pleadings and the preparation of documents and verbatim records in the hearings relating to Cases Nos. 23 and 24. It was, however, possible to absorb the overexpenditure by using savings under section 11, "Judges".

Recurrent expenditure

15. The following four budget lines under "Recurrent expenditure" were overspent in 2015: "Annual allowances", under "Judges"; "Pension in payment", under "Judges' pension scheme"; "Representation allowance"; and "Hospitality". Overexpenditure under the budget line for the annual allowances of judges is mainly due to the fact that two judges whose term of office ended on 30 September 2014 continued to sit in Case No. 21, in accordance with the Rules of the Tribunal, from 1 October 2014 to 2 April 2015. Accordingly, they received an annual allowance during that period, while the payment of their pension was suspended. In addition, the revision of the remuneration of judges, effective from 1 January 2015, led to an increase in the use of that budget line. Overexpenditure under the budget lines for the pension in payment of judges and the representation allowance was entirely due to the facts that the United States dollar has appreciated more than 25 per cent

against the euro since the approval of the 2015-2016 budget, in June 2014, and that it is still used as the reference currency for those budget lines. Finally, a slight overexpenditure is shown under the budget line on hospitality. This will be taken into account in the use of that budget line in 2016 in order to avoid any overexpenditure over the biennium.

16. If the United States dollar continues to remain strong against the euro in 2016, the budget lines under "Recurrent expenditure" for which the United States dollar is used as the reference currency are expected to show overexpenditure by the end of the current biennium, namely 31 December 2016. In the light of this prospect, it is proposed that, in compliance with regulation 4.6 of the Financial Regulations and Rules of the Tribunal, the Registrar be authorized to make a transfer between appropriation sections to the extent necessary.

17. To that end, it is also proposed that the Registrar be authorized to make a transfer between the sections "Judges" and "Staff costs" under "Case-related costs", in accordance with regulation 4.6 of the Financial Regulations and Rules of the Tribunal.

III. Report on action taken pursuant to the Financial Regulations and Rules of the Tribunal

A. Investment of funds of the Tribunal

18. Regulation 9 of the Financial Regulations and Rules of the Tribunal stipulates the following:

> 9.1 The Registrar may make prudent short-term investments of moneys not needed for immediate requirements and shall inform the Tribunal and the Meeting of States Parties periodically of such investments.
>
> ...
>
> 9.2 Income derived from investments shall be credited to miscellaneous income or as provided in the rules relating to each fund or account.

19. During 2015, the Tribunal's funds were kept at JP Morgan Chase Bank and Deutsche Bank in United States dollars and euros as short-term investments, which are investments made for less than 12 months, according to rule 109.1 under regulation 9. The funds yielded an interest of €2,401 during 2015, which has been credited to miscellaneous income, in compliance with regulation 9.2.

B. Trust fund for the law of the sea

20. At its twenty-eighth session, the Tribunal approved the Registrar's proposal to establish a trust fund for the law of the sea, in accordance with the Financial Regulations and Rules of the Tribunal, and the Registrar subsequently established a new trust fund for the law of the sea with Deutsche Bank, in Hamburg, Germany. The trust fund is intended to promote the advancement of human resources in developing countries in the areas of the law of the sea and of maritime affairs in general. A first contribution to the trust fund was made in 2010 in the amount of €25,000 by Korwind, a Hamburg-based Korean company working in the field of

renewable energy. Subsequent contributions were made from the Korea Maritime Institute in 2011 (€15,000), 2012 (€15,000), 2013 (€15,000), August 2014 (20,000), December 2014 (€15,000), August 2015 (€31,000) and December 2015 (€15,000). Contributions are used to offer financial assistance for participation in the Tribunal's internship programme and the summer academy to applicants from developing countries. The trust fund was also used to finance two regional workshops held in Nairobi in August 2014 and in Bali, Indonesia, in August 2015, respectively. As at 31 December 2015, the performance of the Trust Fund was as follows (in euros):

Contribution	46 000
Expenditure on participants and authorized activity	-49 236
Bank charges	-677
Total	**-3 913**
Reserves from prior periods	48 189
Available balance	**44 276**

C. Nippon Foundation trust fund

21. In March 2007, the Tribunal and the Nippon Foundation signed the Nippon Foundation Grant Agreement. Pursuant to that Agreement, the Nippon Foundation agreed to contribute €200,000 to the Nippon Foundation-International Tribunal for the Law of the Sea capacity-building and training programme on dispute settlement under the United Nations Convention on the Law of the Sea.

22. In accordance with regulation 6.5 of the Financial Regulations and Rules of the Tribunal, a trust fund was subsequently established, and a special bank account, named "Nippon Foundation Grant", was set up in euros with Deutsche Bank. The purpose of the grant is to finance the expenses of participants from developing countries in the aforementioned programme.

23. Subsequent contributions were made in the amount of €200,000 in 2008 and in 2009 and in the amount of €230,000 in 2010, 2011, 2012, 2013, 2014 and 2015. The performance of the Nippon Foundation Grant as at 31 December 2015, which is to be reported to the Meeting of States Parties in compliance with regulation 6.5, was as follows (in euros):

Contribution	230 000
Expenditure on participants and authorized activity	-218 826
Bank charges	-426
Account receivable	-9 711
Loss on exchange	-27
Non-refundable tax	-538
Reserves from prior periods	267 224
Available balance	**267 696**

D. China Institute of International Studies trust fund

24. Following the signing of a memorandum of understanding between the Tribunal and the China Institute of International Studies on 3 May 2012, a trust fund — designated as the China Institute of International Studies Grant — was set up to support the Tribunal's internship programme, the summer academy of the International Foundation for the Law of the Sea and other projects, including regional workshops. A contribution from the Institute to the Grant in the amount of €100,000 was received on 20 June 2012 and was used to support the internship programme and the summer academy. As at 31 December 2015, the balance stood at €15,710.

E. Twentieth anniversary trust fund

25. At its fortieth session, in October 2015, the Tribunal decided to establish a trust fund to finance the events and activities that it organized to celebrate its twentieth anniversary and disseminate information on its role in the settlement of disputes relating to the law of the sea (see annex III). No contribution to the fund had been made by the end of 2015.

Annex I

Letter dated 11 February 2016 from Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft to the Registrar

Report of factual findings in connection with the cash surplus for the financial period from 1 January 2013 to 31 December 2014 of the International Tribunal for the Law of the Sea

We have carried out the agreed-upon procedures listed below relating to the cash surplus for the financial period from 1 January 2013 to 31 December 2014 of the International Tribunal for the Law of the Sea (referred to as the "Tribunal" in the following) enclosed with the present letter, as agreed in the engagement agreement of 20 January 2016. The results of our work for the Tribunal are summarized in this report of factual findings. The report is intended to support you in your decision-making by documenting our findings.

Our work is based on our engagement agreement dated 20 January 2016 as well as the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften issued by the Institut der Wirtschaftsprüfer (Institute of German Public Auditors) on 1 January 2002.

We make express reference to the fact that we will not update the report to reflect events or circumstances arising after it is signed, unless required to do so by law.

Our engagement was performed in accordance with the International Standard on Related Services 4400 (Engagements to Perform Agreed-Upon Procedures Regarding Financial Information). The review procedures and the resulting factual findings, which only assist you with complying with the Financial Regulations and Rules of the Tribunal for the financial period 2013-2014, were as follows:

1. With respect to the provisional cash surplus for the period from 1 January 2013 to 31 December 2014, we have reconciled the following with the financial statements audited by Ernst and Young GmbH Wirtschaftsprüfungsgesellschaft, according to the auditor's report issued on 20 February 2015:

- We have reconciled the "final excess of income over expenditure 2013-2014", which amounts to €2,055,392, with the statement of income, expenditure and changes in reserves and fund balances;
- We have reconciled the "cancellation of the 2011-2012 obligations surrendered with the 2011-2012 cash surplus", which amounts to €49,644, with the statement of income, expenditure and changes in reserves and fund balances;
- We have reconciled the "contributions receivable from State Parties with respect to 2013-2014", which amounts to €874,534, with the status of 1996-2014 contributions to the Tribunal.

We have found that:

- The "final excess of income over expenditure 2013-2014", disclosed as €2,055,392, corresponds to the statement of income, expenditure and changes in reserves and fund balances;

- The "cancellation of the 2011-2012 obligations surrendered with the 2011-2012 cash surplus", disclosed as €49,644, corresponds with the statement of income, expenditure and changes in reserves and fund balances;
- The "contributions receivable from State Parties with respect to 2013-2014", disclosed as €874,534, corresponds with the status of 1996-2014 contributions to the Tribunal.

2. We have recalculated the sum of "provisional cash surplus 2013-2014", which amounts to €1,131,214.

We have found that the disclosed sum is calculated adequately.

3. We have reconciled with a sample size the prior periods' contributions received during the period from 1 January to 31 December 2015 with the respective bank documents.

We have found that all investigated contributions were received in 2015.

4. Also, we have reconciled with a sample size savings from the provisions made in the financial statements of the Tribunal for the period from 1 January 2013 to 31 December 2014 for unliquidated obligations disclosed in the cash surplus established by the Tribunal to respective audit evidence.

We have found that all investigated savings were made in 2015.

5. We have recalculated the sum of "cash surplus 2013-2014", which amounts to €1,837,669.

We have found that the disclosed sum is calculated adequately.

Our services do not affect the responsibility of the Tribunal's legal representatives to ensure the accuracy and completeness of the information given in the cash surplus for the financial period from 1 January 2013 to 31 December 2014 of the Tribunal.

Since the aforementioned agreed-upon procedures do not constitute an audit, the continuation of a concluded audit, or a review, we cannot issue an opinion on the disclosures made nor do we report on issues that we might have identified in the course of an audit or review. This report refers only to the items named in the present letter, not to the underlying financial statements.

(*Signed*) Stefanie **Kreninger**
Wirtschaftsprüferin
(German Public Auditor)

(*Signed*) ppa. Annett **Schnitger**
Wirtschaftsprüferin
(German Public Auditor)

Enclosure I: Cash surplus

Enclosure II: General Engagement Terms

Enclosure I

International Tribunal for the Law of the Sea: cash surplus for the financial period 2013-2014

Provisional cash surplus as at 31 December 2014

(Euros)

Final excess of income over expenditure 2013-2014	2 055 392
Cancellation of the 2011-2012 obligations surrendered with 2011-2012 cash surplus	-49 644
Contributions receivable from States parties with respect to 2013-2014	-874 534
Provisional cash surplus 2013-2014	**1 131 214**

Cash surplus as at 31 December 2015

(Euros)

Prior periods' contributions received in 2015	664 478
Savings from 2013-2014 obligations	41 977
Cash surplus 2013-2014	**1 837 669**

Enclosure II

General Engagement Terms for German public auditors and public audit firms as at 1 January 2002

This is an English translation of the German text, which is the sole authoritative version

1. Scope

(a) These engagement terms are applicable to contracts between Wirtschaftsprüfer (German Public Auditors) or Wirtschaftsprüfungsgesellschaften (German public audit firms, hereinafter collectively referred to as the "Wirtschaftsprüfer") and their clients for audits, consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory owing to legal requirements.

(b) If, in an individual case, as an exception, contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

2. Scope and performance of the engagement

(a) The subject of the Wirtschaftsprüfer's engagement is the performance of agreed services — not a particular economic result. The engagement is performed in accordance with the Grundsätze ordnungsmäßiger Berufsausübung (Standards of Proper Professional Conduct). The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.

(b) The application of foreign law requires — except for financial attestation engagements — an express written agreement.

(c) The engagement does not extend — to the extent it is not directed thereto — to an examination of the issue of whether the requirements of tax law or special regulations, such as, for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht (laws controlling certain aspects of specific business operations) were observed; the same applies to the determination as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and records and other irregularities only if during the conduct of audits grounds for such matters arise or if this has been expressly agreed to in writing.

(d) If the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes or any consequences resulting therefrom.

3. The client's duty to inform

(a) The client must ensure that the Wirtschaftsprüfer — even without his special request — is provided, on a timely basis, with all supporting documents and records that are required and is informed of all events and circumstances that may be significant for the performance of the engagement. This also applies to those supporting documents and records, events and circumstances that first become known during the Wirtschaftsprüfer's work.

(b) Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

4. Ensuring independence

The client guarantees to refrain from everything that may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

5. Reporting and verbal information

If the Wirtschaftsprüfer is required to present the results of its work in writing, only that written presentation is authoritative. For audit engagements, the long-form report should be submitted in writing to the extent that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts, sketches, schedules and calculations — especially quantity and cost computations — prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his or her own purposes.

7. Transmission of the Wirtschaftsprüfer's professional statement

(a) The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms. The Wirtschaftsprüfer is liable (within the limits of para. 9) towards third parties only if the prerequisites of the first sentence are given.

(b) The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted. An infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

8. Correction of deficiencies

(a) Where there are deficiencies, the client is entitled to subsequent fulfilment of the contract. The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfil the contract; if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a Government-owned legal person under public law or a special Government-owned fund under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him owing to the failure to subsequently fulfil the contract. The provisions of section 9 applies to the extent that claims for damages exist beyond this.

(b) The client must assert his or her claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional tort cease to be enforceable one year after the commencement of the statutory time limit for enforcement.

(c) Obvious deficiencies, such as typing and arithmetical errors and "formelle Mängel" (deficiencies associated with technicalities) contained in a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected — and also be applicable in relation to third parties — by the Wirtschaftsprüfer at any time. Errors that may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw — also in relation to third parties — such statements. In the cases noted, the Wirtschaftsprüfer should first hear the client, if possible.

9. Liability

(a) The liability limitation of article 323 (2) Handelsgesetzbuch (German Commercial Code) applies to statutory audits required by law.

(b) Liability for negligence: An individual case of damages. If neither paragraph 1 is applicable nor a regulation exists in an individual case, pursuant to article 54 a (1) No. 2 Wirtschaftsprüferordnung (law regulating the profession of Wirtschaftsprüfer), the liability of the Wirtschaftsprüfer for claims of compensatory damages of any kind — except for damages resulting from injury to life, body or health — for an individual case of damages resulting from negligence is limited to €4 million. This also applies if liability to a person other than the client should be established. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event, the claim against the Wirtschaftsprüfer is limited to €5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(c) Preclusive deadlines: A compensatory damages claim may only be lodged within a preclusive deadline of one year of the rightful claimant having

become aware of the damage and of the event giving rise to the claim — at the very latest, however, within five years of the event giving rise to the claim. The claim expires if legal action is not taken within a six-month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence. The right to assert the bar of the preclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.

10. Supplementary provisions for audit engagements

(a) A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.

(b) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.

(c) The client has a right to five copies of the long-form report. Additional copies will be charged separately.

11. Supplementary provisions for assistance with tax matters

(a) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client — especially numerical disclosures — are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.

(b) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event, the client must provide the Wirtschaftsprüfer, on a timely basis, with all supporting documents and records — especially tax assessments — material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work with.

(c) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:

(i) Preparation of annual tax returns for income tax, corporation tax and business tax, as well as net-worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client;

(ii) Examination of tax assessments in relation to the taxes mentioned in (a);

(iii) Negotiations with tax authorities in connection with the returns and assessments mentioned in paragraphs (i) and (ii);

(iv) Participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in paragraph (i);

(v) Participation in Einspruchs- und Beschwerdeverfahren (appeals and complaint procedures) with respect to the taxes mentioned in paragraph (i);

In the aforementioned work, the Wirtschaftsprüfer takes published legal decisions and administrative interpretations into account.

(d) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraphs (c) (iv) and (v) will be charged separately.

(e) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:

(i) The treatment of nonrecurring tax matters, e.g. in the field of estate tax, capital transactions tax, real estate acquisition tax;

(ii) Participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes;

(iii) The granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners or shareholders, sale of a business, liquidations and the like.

(f) To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisites or of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

12. Confidentiality towards third parties and data security

(a) In compliance with the law, the Wirtschaftsprüfer is obliged to treat all facts that it comes to know in connection with its work as confidential, irrespective of whether these concern the client himself or his or her business associations, unless the client releases him or her from this obligation.

(b) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of its work to third parties with the consent of his or her client.

(c) The Wirtschaftsprüfer is entitled — within the purposes stipulated by the client — to process personal data entrusted to it or allow them to be processed by third parties.

13. Default of acceptance and lack of cooperation on the part of the client

If the client defaults in accepting the services offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him or her pursuant to section 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise its right to cancel.

14. Remuneration

(a) In addition to its claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays: sales tax will be billed separately. It may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of its services dependent upon the complete satisfaction of its claims. Multiple clients awarding engagements are jointly and severally liable.

(b) Any set-off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

15. Retention and return of supporting documentation and records

(a) The Wirtschaftsprüfer retains, for 10 years, the supporting documents and records in connection with the completion of the engagement — that had been provided to him and that he has prepared himself — as well as the correspondence with respect to the engagement.

(b) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from or for him or her by reason of its work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and its client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records that it returns to the client.

16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.

Special engagement terms for assurance and related services of Ernst and Young GmbH Wirtschaftsprüfungsgesellschaft, as at 1 May 2013

Preamble

These engagement terms of Ernst and Young GmbH Wirtschaftsprüfungsgesellschaft with registered offices in Stuttgart ("EY GmbH") supplement and specify the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German public auditors and public audit firms), as issued by the Institut der Wirtschaftsprüfer e.V. (Institute of Public Auditors in Germany) on 1 January 2002 and take precedence over the latter. They are subordinate to any engagement agreement. The engagement agreement, together with all enclosures, constitutes the Entire Engagement Terms.

A. Supplementary provisions for audits of financial statements in accordance with section 317 HGB (Handelsgesetzbuch, German Commercial Code) and substantially comparable audits in accordance with international standards on auditing and for voluntary audits of financial statements

EY GmbH will conduct the audit in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. As such, EY GmbH will plan and design the audit in accordance with professional standards such that misstatements materially affecting the financial statements to be audited according to the engagement agreement ("financial statements") and any accompanying management report ("management report") are detected with reasonable assurance.

EY GmbH will perform all procedures that it deems necessary under the circumstances to judge in what form the opinion stipulated in section 322 HGB can be rendered on the financial statements and management report. EY GmbH will report on the audit of the financial statements and management report as is customary in German professional practice. The basis of our audit methodology, which is risk- and process-oriented, is the development of an audit strategy. This strategy is based on the assessment of the economic and legal environment of the company, its goals, strategies and business risks. In order to determine the nature, timing and scope of audit procedures, EY GmbH will review and evaluate the system of internal accounting controls to the extent that it deems necessary, in particular where it serves to ensure proper accounting. As is customary, EY GmbH will conduct audit procedures on a test basis; this entails an unavoidable risk that even material misstatements may not be discovered in an audit performed according to professional standards. Therefore, the audit will not necessarily detect any incidences of fraud or other irregularities. EY GmbH points out that an audit is not designed to detect any incidences of fraud or other irregularities which do not affect the compliance of the financial statements and management report with the applicable financial reporting framework. Any such matters detected by EY GmbH in the course of the audit will, however, be brought to the attention of EY GmbH's client immediately.

The above statements on audit objectives and methods apply by analogy to audits of financial statements which are performed in accordance with international standards on auditing and which are substantially comparable in terms of subject and scope.

It is the responsibility of the client's management to correct material errors in the financial statements and, if applicable, in the management report, and to confirm in a letter of representation submitted to us that the effects of any uncorrected errors that we find in the course of the current engagement and that relate to the latest reporting period are immaterial — both individually and in their entirety — for the financial statements as a whole and any management report.

B. Engagement

In the course of the engagement and to protect the economic interests of the client, documents of legal relevance that are directly associated with the client may be made available to EY GmbH. EY GmbH emphasizes that it assumes no obligation to provide legal advice or a legal review and that this engagement does not include general legal advice; accordingly, the client should submit any standard wording made available by EY GmbH in connection with the performance of the engagement to its own legal counsel for a conclusive legal review.

The client is responsible for all management decisions relating to the services performed by EY GmbH and the use of the work product and for determining whether the services performed by EY GmbH are appropriate for the client's own internal purposes.

C. Access to information

The client's management is responsible for ensuring that EY GmbH has unrestricted access to the records, documents and other information necessary for the engagement. The same applies to the presentation of any additional information (e.g., annual report, findings concerning the declaration of compliance in accordance with section 161 AktG (Aktiengesetz, German Stock Corporation Act)) published by the client together with the financial statements and any accompanying management report. The client shall provide such information in good time before the audit opinion is issued or as soon as it becomes available. The information provided to EY GmbH by the client or on behalf of the client shall be complete.

D. Involvement of EY Firms and third parties

EY GmbH may subcontract portions of the services to other members of the global network of Ernst & Young firms ("EY Firms"), as well as to other service providers, who may deal with the client directly. Nevertheless, EY GmbH alone will be responsible to the client for the work product relating to the engagement, the performance of the services and any other obligations under the engagement agreement. Thus the client may not make a contractual claim or bring proceedings arising from the provision of the services or otherwise based on the engagement agreement against any other EY Firm or EY GmbH or its subcontractors, members, shareholders, directors, officers, partners,

principals or employees ("EY Persons"). The client shall make any contractual claim or bring such proceedings only against EY GmbH.

E. Oral information

The client is aware that oral information may be prone to misunderstandings. Should the client intend to base any decision or other business plans on information or advice given orally to the client by EY GmbH, the client is obliged: (a) to inform EY GmbH in good time before such decision and request that it confirm in writing the client's understanding of such information or advice; or (b) in acknowledgment of the above risk of such oral information or advice, to make such decision based on its own judgment and on its own responsibility. Oral statements and information beyond the scope of the engagement are always non-binding.

F. Draft versions issued by EY GmbH

The client may not rely on any draft versions of any work product (which are non-binding), but only on final written versions. Draft versions of the work product only serve EY GmbH internal purposes and/or the coordination with the client and, therefore, only constitute preliminary stages of a work product. They are neither final nor binding and are subject to further review. EY GmbH shall not be required to update any final work product for circumstances of which EY GmbH becomes aware, or events occurring, after the cut-off date indicated in the work product or, in absence of such date, the delivery date of its work product, unless otherwise agreed or unless EY GmbH is obliged to do so with regard to the services provided.

G. Indemnification

The client shall indemnify EY GmbH against all claims by third parties (including affiliates) and resulting liabilities, losses, damages, costs and expenses (including reasonable external legal costs) arising out of the third party's use of or reliance on any work product disclosed to it by or through the client or at the client's request. The client shall have no obligation hereunder to the extent that EY GmbH has specifically authorized, in writing, the third party's reliance on the work product.

H. Electronic mail

The parties may use electronic media to correspond or transmit information. The parties acknowledge that sending information and documents in electronic form (in particular by e-mail) entails risks (e.g., unauthorized access by third parties).

No changes may be made to any documents sent by EY GmbH electronically and no documents may be distributed electronically to third parties without the prior written approval of EY GmbH.

I. Data protection

EY GmbH, other EY Firms, EY Persons and third parties acting on behalf of EY GmbH may collect, use, transfer, store or otherwise process (collectively referred to as "process") client information that can be linked to specific individuals ("personal

data") in various jurisdictions in which EY GmbH and any of them operate (office locations of EY Firms are listed at www.ey.com) for purposes related to the provision of the services, to comply with regulatory requirements, to check conflicts, for quality, risk management or financial accounting purposes or for the provision of other administrative — and information technology — support services. EY GmbH will process the personal data in accordance with applicable law and professional regulations, including (without limitation) the Bundesdatenschutzgesetz (German Federal Data Protection Act). EY GmbH will require any service provider that processes personal data on EY GmbH's behalf to adhere to such requirements.

J. Letter of representation

The letter of representation requested by EY GmbH from management may include confirmation that the effects of uncorrected misstatements on the financial statements and the accompanying management report, as summarized in an enclosure to the representation letter, are immaterial, both individually and in their entirety.

K. Scope of application

The provisions contained in the Entire Engagement Terms — including the provision relative to liability — shall also apply to all other future work for the client unless separate arrangements are made relative to such engagements or they are covered by general agreements, or unless German or foreign legal or official requirements that are binding for EY GmbH conflict with individual provisions in the client's favour.

The services of EY GmbH are governed exclusively by the terms and conditions set forth in the Entire Engagement Terms. No other terms and conditions are part of the contractual agreement unless the client has expressly and specifically agreed otherwise with EY GmbH in writing. The client's general terms and conditions of purchase shall not apply even if reference is made to such terms and conditions in automated purchase orders and EY GmbH does not expressly object or EY GmbH begins rendering the services without reservation.

L. Applicable law and court of competent jurisdiction

The engagement shall be governed by the professional principles developed and adopted by the authoritative German professional organizations (Wirtschaftsprüferkammer, Institut der Wirtschaftsprüfer e.V., Steuerberaterkammer) to the extent applicable to the engagement.

Reciprocal claims arising from this engagement shall be subject to German law.

Any dispute relating to the engagement or the services shall be subject to the exclusive jurisdiction of the courts of Stuttgart, Germany, or, at EY GmbH's discretion, (a) the court located where the EY GmbH office that conducted the main part of the work is registered, or (b) the courts located where the client is registered.

Annex II

Provisional performance report for 2015 as at 31 December 2015

(Euros)

Part/ Section	Objects of expenditure	2015-2016 approved budget	2015	2015 expenditure (as at 31 December 2015)	2015 unliquidated obligations (as at 31 December 2015)	2015 total expenditure (as at 31 December 2015)	Balance	Total expenditure approved budget (percentage)
A	**Recurrent expenditure**							
1	**Judges**	**4 246 100**	**2 135 550**	**2 067 246**	**0**	**2 067 246**	**68 304**	
	Annual allowances	3 008 300	1 504 150	1 544 732	0	1 544 732	-40 582	102.70
	Special allowances	917 900	458 950	381 743	0	381 743	77 207	83.18
	Travel to sessions	274 600	144 800	132 906	0	132 906	11 894	91.79
	Common costs	45 300	27 650	7 865	0	7 865	19 785	28.44
2	**Judges' pension scheme**	**967 800**	**483 900**	**614 392**	**0**	**614 392**	**-130 492**	
	Pension in payment	967 800	483 900	614 392	0	614 392	-130 492	126.97
3	**Staff costs**	**7 533 900**	**3 772 450**	**3 518 622**	**71 174**	**3 589 796**	**182 654**	
	Established posts	5 085 200	2 542 600	2 402 424	0	2 402 424	140 176	94.49
	Common staff costs	2 045 000	1 022 500	945 222	57 974	1 003 196	19 304	98.11
	Overtime	25 000	13 500	11 436	1 330	12 766	734	94.56
	Temporary assistance for meetings	197 900	101 950	97 482	0	97 482	4 468	95.62
	General temporary assistance	107 900	55 450	35 293	8 504	43 797	11 653	78.98
	Training	72 900	36 450	26 765	3 366	30 131	6 319	82.66
4	**Representation allowance**	**11 100**	**5 550**	**6 867**	**0**	**6 867**	**-1 317**	**123.73**
5	**Official travel**	**180 300**	**90 150**	**78 908**	**6 799**	**85 707**	**4 443**	**95.07**
6	**Hospitality**	**14 300**	**7 150**	**8 329**	**0**	**8 329**	**-1 179**	**116.49**
7	**Operating expenditure**	**2 888 000**	**1 454 000**	**1 262 164**	**117 865**	**1 380 029**	**73 971**	
	Maintenance of premises (including security)	2 159 000	1 079 500	1 003 439	70 251	1 073 690	5 810	99.46
	Rental and maintenance of equipment	355 600	185 300	135 303	26 668	161 971	23 329	87.41
	Communications	189 200	97 100	63 283	15 677	78 960	18 140	81.32
	Miscellaneous services and charges (including bank charges)	41 000	20 500	14 709	0	14 709	5 791	71.75
	Supplies and materials	122 400	61 200	45 430	5 269	50 699	10 501	82.84
	Special services (external audit)	20 800	10 400	0	0	0	10 400	0.00

Part Section	Objects of expenditure	2015-2016 approved budget	2015	2015 expenditure (as at 31 December 2015)	2015 unliquidated obligations (as at 31 December 2015)	2015 total expenditure (as at 31 December 2015)	Balance	Total expenditure/ approved budget (percentage)
8	**Library and related costs**	**320 000**	**160 000**	**136 866**	**21 125**	**157 991**	**2 009**	
	Library — procurement of books and publications	242 000	121 000	111 681	8 610	120 291	709	99.41
	External printing and binding	78 000	39 000	25 185	12 515	37 700	1 300	96.67
B	**Non-recurrent expenditure**							
9	**Furniture and equipment**							
	Purchase of equipment	154 800	78 700	22 066	23 429	45 495	33 205	57.81
C	**Case-related costs**	**2 501 300**	**1 757 800**	**1 723 107**	**2 109**	**1 725 216**	**32 584**	
11	**Judges**	**1 889 700**	**1 329 600**	**1 092 300**	**0**	**1 092 300**	**237 300**	
	Special allowances	1 468 500	1 033 700	855 306	0	855 306	178 394	82.74
	Compensation to judges ad hoc	110 800	55 400	67 755	0	67 755	-12 355	122.30
	Travel to meetings (including judges ad hoc)	310 400	240 500	169 239	0	169 239	71 261	70.37
12	**Staff costs**	**611 600**	**428 200**	**630 807**	**2 109**	**632 916**	**-204 716**	
	Temporary assistance for meetings	577 800	405 700	603 560	2 109	605 669	-199 969	149.29
	Overtime	33 800	22 500	27 247	0	27 247	-4 747	121.10
	Total	**18 817 600**	**9 945 250**	**9 438 567**	**242 501**	**9 681 068**	**264 182**	**97.34**

Annex III

Terms of reference

A. Object and purpose of the Trust Fund

1. The object of the Trust Fund ("the Fund") is to finance events and activities organized by the International Tribunal for the Law of the Sea ("the Tribunal") to celebrate its twentieth anniversary and disseminate information on its role in the settlement of disputes relating to the law of the sea.

2. The events and activities relating to the celebration of the twentieth anniversary of the Tribunal will take place in 2016 at the seat of the Tribunal in Hamburg, Germany, and at the Headquarters of the United Nations, in New York.

B. Contributions to the Fund

3. The Tribunal invites States, intergovernmental organizations and agencies, national institutions, non-governmental organizations and international financial institutions, as well as natural and juridical persons, to make voluntary financial or other contributions to the Fund.

C. Application of the Financial Regulations and Rules of the Tribunal

4. The Registrar establishes the present Fund in accordance with the Financial Regulations and Rules of the Tribunal. The Financial Regulations and Rules of the Tribunal will apply to the administration of the Fund. The Fund will be subject to the auditing procedures provided therein.

D. Reporting to the Meeting of States Parties

5. An annual report on the activities of the Fund, including details of contributions and disbursements from the Fund, will be made to the Meeting of States Parties.

E. Implementing office

6. The Registry of the Tribunal is the implementing office for the Fund and will provide the services required for the operation of the Fund.

F. Revision

7. The Tribunal may revise the above if circumstances so require. Any revision shall be brought to the attention of the Meeting of States Parties.